ITEM #	23
DATE:	08-14-18

COUNCIL ACTION FORM

SUBJECT: **RESOLUTION APPROVING OFFICIAL STATEMENT FOR GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A, SETTING DATE OF SALE FOR AUGUST 28, 2018, AND AUTHORIZING ELECTRONIC BIDDING FOR THE SALE**

BACKGROUND:

The FY 2018/19 Budget and Council-approved changes include General Obligation (G.O.) Bond-funded capital improvement projects in the amount of $7,987,000. The City Council held a public hearing on the issuance of these bonds on March 6, 2018. Council action is now required to approve the official statement, set the date of sale for August 28, 2018, and authorize electronic bidding.

The Official Statement, or “Preliminary Official Statement,” is the offering document for municipal securities, in preliminary form, which does not contain pricing information. The Statement provides several financial disclosures and information about the City. This “Preliminary Official Statement” is on file in the City Clerk’s Office and can be viewed on the City’s website. Additionally, Council is asked to approve electronic bidding as the method to provide a secure and highly competitive process for the sale of the bonds. The proposed issuance is in compliance with the City Council approved debt policy.

Projects to be funded by this bond issue include the following:

Grand Avenue Extension	$ 3,700,000	
Collector Street Improvements	1,750,000	
Asphalt Street Improvements	1,400,000	
City-Wide Radio System	1,000,000	
Fire Station #1 Concrete Replacement	137,000	
Subtotal Tax Supported Bonds		**$ 7,987,000**
Issuance Cost and Allowance for Premium		**133,000**
Grand Total – 2018/19 G.O. Issue		**$8,120,000**

ALTERNATIVES:

1. Adopt a resolution approving the Official Statement for General Obligation Corporate Purpose Bonds, Series 2018A, setting the date of sale for August 28, 2018, and authorize electronic bidding for the sale.

2. Refer the Official Statement back to City staff for modifications.

MANAGER’S RECOMMENDED ACTION:

Issuance of these bonds is necessary in order to accomplish the City’s approved capital improvements for the current fiscal year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 14, 2018

New Issue **Rating: Application Made to Moody's Investors Service**

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Bonds will be excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax under the Internal Revenue Code of 1986 (the "Code"); provided, however such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations for taxable years beginning before January 1, 2018. In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.

CITY OF AMES, IOWA

$8,120,000* General Obligation Corporate Purpose Bonds, Series 2018A

BIDS RECEIVED: Tuesday, August 28, 2018, 11:00 A.M., Central Time
AWARD: Tuesday, August 28, 2018, 6:00 P.M., Central Time

Dated: Date of Delivery (September 10, 2018) **Principal Due:** June 1, as shown inside front cover

The $8,120,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds") are being issued pursuant to Division III of Chapter 384 of the Code of Iowa and a resolution to be adopted by the City Council of the City of Ames, Iowa (the "City"). The Bonds are being issued for the essential corporate purposes of paying the cost, to that extent, of constructing improvements to streets and acquisition of emergency services communication equipment, and for the general corporate purpose of making improvements at the City's Fire Station #1. The purchaser of the Bonds agrees to enter into a loan agreement (the "Loan Agreement") with the City pursuant to the authority contained in Section 384.24A of the Code of Iowa. The Bonds are issued in evidence of the City's obligations under the Loan Agreement. The Bonds are general obligations of the City for which the City will pledge its power of levy direct ad valorem taxes against all taxable property within the City without limitation as to rate or amount to the repayment of the Bonds.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-only form, in the principal amount of $5,000 and integral multiples thereof. The purchaser will not receive certificates representing their interest in the Bonds purchased. The City's Treasurer as Registrar/Paying Agent (the "Registrar") will pay principal on the Bonds, payable annually on June 1, beginning June 1, 2019, and interest on the Bonds payable initially on June 1, 2019 and thereafter on each December 1 and June 1 to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the Bonds as described herein. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month next preceding the interest payment date (the "Record Date").

THE BONDS WILL MATURE AS LISTED ON THE INSIDE FRONT COVER

MINIMUM BID:	$8,046,920
GOOD FAITH DEPOSIT:	Required of Purchaser Only
TAX MATTERS:	Federal: Tax-Exempt State: Taxable See "*TAX EXEMPTION AND RELATED TAX MATTERS*" for more information.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to the unqualified approving legal opinion of Dorsey & Whitney LLP ("Bond Counsel"), Des Moines, Iowa, to be furnished upon delivery of the Bonds. It is expected the Bonds will be available for delivery through the facilities of DTC on or about September 10, 2018. The preliminary Official Statement in the form presented is deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, subject to revisions, corrections or modifications as determine to be appropriate, and is authorized to be distributed in connection with the offering of the Bonds for sale.

*Preliminary; subject to change.

CITY OF AMES, IOWA

$8,120,000* General Obligation Corporate Purpose Bonds, Series 2018A

MATURITY: The Bonds will mature June 1 in the years and amounts as follows:

Year	Amount*
2019	$625,000
2020	590,000
2021	605,000
2022	620,000
2023	635,000
2024	655,000
2025	675,000
2026	695,000
2027	720,000
2028	740,000
2029	765,000
2030	795,000

***PRINCIPAL ADJUSTMENT:** Preliminary; subject to change. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $8,525,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

INTEREST: Interest on the Bonds will be payable on June 1, 2019 and semiannually thereafter.

REDEMPTION: Bonds due after June 1, 2026 will be subject to call for prior redemption on said date or on any day thereafter upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over $1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to prospective bidders. Its primary purpose is to disclose information regarding the Bonds to prospective bidders in the interest of receiving competitive bids in accordance with the "TERMS OF OFFERING" contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the final "Preliminary Official Statement".

Review Period: This Preliminary Official Statement has been distributed to City staff as well as to prospective bidders for an objective review of its disclosure. Comments, omissions or inaccuracies must be submitted to PFM Financial Advisors LLC (the "Municipal Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received. If there are any changes, corrections or additions to the Preliminary Official Statement, prospective bidders will be informed by an addendum at least one business day prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the legislative body will authorize the preparation of a final Official Statement that includes the offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the underwriter (the "Syndicate Manager") and syndicate members. Copies of the final Official Statement will be delivered to the Syndicate Manager within seven business days following the bid acceptance.

REPRESENTATIONS

No dealer, broker, salesman or other person has been authorized by the City, the Municipal Advisor or the underwriter to give any information or to make any representations other than those contained in this Preliminary Official Statement or the final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, the Municipal Advisor or the underwriter. This Preliminary Official Statement or the final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there by any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement or the final Official Statement, nor any sale made thereafter shall, under any circumstances, create any implication there has been no change in the affairs of the City or in any other information contained herein, since the date hereof.

This Preliminary Official Statement and any addenda thereto were prepared relying on information from the City and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Municipal Advisor, payable entirely by the City, is contingent upon the sale of the issue.

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TABLE OF CONTENTS

City of Ames, Iowa

Mayor/City Council

Member	Office	Initial Term Commenced	Term Expires
John Haila	Mayor	January 02, 2018	December 31, 2021
Gloria Betcher	Council Member – 1st Ward	January 02, 2014	December 31, 2021
Tim Gartin	Council Member – 2nd Ward	January 02, 2014	December 31, 2019
David Martin	Council Member – 3rd Ward	January 01, 2018	December 31, 2021
Chris Nelson	Council Member – 4th Ward	January 02, 2014	December 31, 2019
Bronwyn Beatty-Hansen	Council Member – At Large	January 01, 2016	December 31, 2019
Amber Corrieri	Council Member – At Large	January 02, 2014	December 31, 2021
Allie Hoskins	Ex-Officio		

Administration

Steven Schainker, City Manager
Duane Pitcher, Director of Finance
Diane Voss, City Clerk
Roger Wisecup II, City Treasurer
John Dunn, Director of Water and Pollution Control
John Joiner, Director of Public Works
Don Kom, Director of Electric Utility

City Attorney

Mark Lambert
Ames, Iowa

Bond Counsel

Dorsey & Whitney LLP
Des Moines, Iowa

Municipal Advisor

PFM Financial Advisors LLC
Des Moines, Iowa

TERMS OF OFFERING

CITY OF AMES, IOWA

Bids for the purchase of the City of Ames, Iowa's (the "City") $8,120,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds") will be received on Tuesday, August 28, 2018, before 11:00 A.M., Central Time, after which time they will be tabulated. The City Council will consider award of the Bonds at 6:00 P.M., Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City's Municipal Advisor, PFM Financial Advisors LLC (the "Municipal Advisor"), 801 Grand Avenue, Suite 3300, Des Moines, Iowa, 50309, or by telephoning 515-243-2600. Information can also be obtained from Mr. Duane Pitcher, Director of Finance, City of Ames, 515 Clark Avenue, Ames, Iowa, 50010, or by telephoning 515-239-5114.

The following section sets forth the description of certain terms of the Bonds, as well as the "TERMS OF OFFERING" with which all bidders and bid proposals are required to comply.

DETAILS OF THE BONDS

GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A, in the principal amount of $8,120,000* to be dated the date of delivery (September 10, 2018), in the denomination of $5,000 or multiples thereof, will mature on June 1 as follows:

Year	Amount*
2019	$625,000
2020	590,000
2021	605,000
2022	620,000
2023	635,000
2024	655,000
2025	675,000
2026	695,000
2027	720,000
2028	740,000
2029	765,000
2030	795,000

* Preliminary; subject to change.

ADJUSTMENT TO BOND MATURITY AMOUNTS

The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $8,525,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

INTEREST

Interest on the Bonds will be payable on June 1, 2019 and semiannually on the 1st day of December and June thereafter. Principal and interest shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding the interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

OPTIONAL REDEMPTION

Bonds due after June 1, 2026 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

TERM BOND OPTION

Bidders shall have the option of designating the Bonds as serial bonds or term bonds, or both. The bid must designate whether each of the principal amounts shown above represent a serial maturity or a mandatory redemption requirement for a term bond maturity. (See the "OFFICIAL BID FORM" for more information.) In any event, the above principal amount scheduled shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both.

GOOD FAITH DEPOSIT

A good faith deposit in the amount of $81,200 (the "Deposit") is required from the lowest bidder only. The lowest bidder is required to submit such Deposit payable to the order of the City, not later than 1:00 P.M., Central Time, on the day of the sale of the Bonds and in the form of either (i) a cashier's check provided to the City or its Municipal Advisor, or (ii) a wire transfer as instructed by the City's Municipal Advisor. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a deposit and thereafter may award the sale of the Bonds to the same. No interest on a deposit will accrue to the successful bidder (the "Purchaser"). The Deposit will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, any deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the entire issue of Bonds for a price not less than $8,046,920, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations as set forth in the "BIDDING PARAMETERS" section. Bids must be submitted on or in substantial compliance with the "OFFICIAL BID FORM" provided by the City. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (the "TIC") basis assuming compliance with the "ESTABLISHMENT OF ISSUE PRICE" and "GOOD FAITH DEPOSIT" section. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Municipal Advisor based on the "TERMS OF OFFERING" and all amendments, and on the bids as submitted. The Municipal Advisor's computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

The City will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause, and (iii) reject any bid which the City determines to have failed to comply with the terms herein.

BIDDING PARAMETERS

Each bidder's proposal must conform to the following limitations:

1. Each annual maturity must bear a single rate of interest from the dated date of the Bonds to the date of maturity.
2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. The initial price to the public for each maturity must be 98% or greater.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the "TERMS OF OFFERING" and "OFFICIAL BID FORM" provided by the City or through PARITY® competitive bidding system (the "Internet Bid System"). The City shall not be responsible for malfunction or mistake made by any person, or as a result of the use of an electronic bid or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be accepted after the time specified in the "OFFICIAL BID FORM". The time as maintained by the Internet Bid System shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the City's Director of Finance, City Hall, 515 Clark Avenue, Ames, Iowa 50010.

Electronic Internet Bidding: Electronic internet bids will be received at the office of the City's Municipal Advisor, PFM Financial Advisors LLC, Des Moines, Iowa, and at the office of the City's Finance Director. Electronic internet bids must be submitted through the Internet Bid System. Information about the Internet Bid System may be obtained by calling 212-849-5021.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its electronic internet bid in a timely manner and in compliance with the requirements of the "TERMS OF OFFERING" and "OFFICIAL BID FORM". The City is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the electronic internet bidding and the Internet Bid System is not an agent of the City. Provisions of the "TERMS OF OFFERING" and "OFFICIAL BID FORM" shall control in the event of conflict with information provided by the Internet Bid System.

Electronic Facsimile Bidding: Electronic facsimile bids will be received at the office of the City's Municipal Advisor, PFM Financial Advisors LLC (facsimile number: 515-243-6994). Electronic facsimile bids will be sealed and treated as sealed bids.

Electronic facsimile bids received after the deadline will be rejected. Bidders electing to submit bids via electronic facsimile transmission bear full responsibility for the transmission of such bid. Neither the City nor its agents shall be responsible for malfunction or mistake made by any person, or as a result of the use of the electronic facsimile facilities or any other means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received. Neither the City nor its agents will assume liability for the inability of the bidder to reach the above named electronic facsimile numbers prior to the time of sale specified above. Time of receipt shall be the time recorded by the electronic facsimile operator receiving the bids.

BOOK-ENTRY-ONLY ISSUANCE

The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC.

MUNICIPAL BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds. The City reserves the right in its sole discretion to accept or deny changes to the financing documents requested by the insurer selected by the Purchaser.

DELIVERY

The Bonds will be delivered to the Purchaser through DTC in New York, New York, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from the date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw their bid and thereafter their interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the City will give the Purchaser five working days' notice of the delivery date and the City will expect payment in full on that date; otherwise reserving the right at its option to determine that the Purchaser failed to comply with the offer of purchase.

ESTABLISHMENT OF ISSUE PRICE

In order to establish the issue price of the Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a bid, each bidder agrees to the following.

If a bid is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the bid and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity," and the public does not include underwriters of the Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Bonds.

If, however, a bid is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the City to that effect at the time it submits its bid and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

<u>If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies</u>, the Purchaser will be required to deliver to the City at or prior to closing a certification as to the reasonably expected initial offering price as of the award date.

<u>If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies</u>, the Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification substantially in the form included hereto in EXHIBIT 1, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by its Municipal Advisor.

Bidders should prepare their bids on the assumption the Bonds will be subject to the "hold-the-offering-price" rule. Any bid submitted pursuant to the "TERMS OF OFFERING" and "OFFICIAL BID FORM" shall be considered a firm offer for the purchase of the Bonds, and bids submitted will not be subject to cancellation or withdrawal.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law or deemed appropriate by the City, shall constitute a final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an "OFFICIAL BID FORM" therefore, the City agrees that no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 20 copies of the final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of the Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the final Official Statement to the Participating Underwriter. Any underwriter executing and delivering an OFFICIAL BID FORM with respect to the Bonds, agrees thereby, if its bid is accepted by the City, (i) it shall accept such designation, and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the final Official Statement.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other Participating Underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of the Rule, the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the resolution authorizing the issuance of the Bonds and the "CONTINUING DISCLOSURE CERTIFICATE", to provide Annual Report of specified information and notice of the occurrence of certain material events as hereinafter described (the "Undertakings"). The information to be provided on an annual basis, the events as to which notice is to be given, and a summary of other provisions of the Undertakings, including termination, amendment and remedies, are set forth as APPENDIX C to this Official Statement.

In accordance with the reporting requirements of paragraph (f)(3) of the Rule, within the past five years, the City failed to timely file a notice of bond call for the redemption of the City's General Obligation Corporate Purpose Bonds, Series 2009B.

Regarding the Mary Greeley Medical Center's (the "Medical Center") outstanding hospital revenue debt, the quarterly report for the quarters ended June 30, 2013 and June 30, 2014, and the annual financial information filings for the Fiscal Years ended June 30, 2013 through June 30, 2015 were timely filed, but were not properly linked to the Hospital Revenue Bonds, Series 2011 CUSIP numbers. In addition, certain tables were not included in the annual financial information filings for the Fiscal Years ended June 30, 2013 through June 30, 2015.

The City and the Medical Center have undertaken steps to correct these filings and to ensure all future filings required by its Undertakings are correctly and timely filed.

Breach of the Undertakings will not constitute a default or an "Event of Default" under the Bonds or the resolution for the Bonds. A broker or dealer is to consider a known breach of the Undertakings, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Undertakings may adversely affect the transferability and liquidity of the Bonds and their market price.

CUSIP NUMBERS

It is anticipated that Committee on Uniform Security Identification Procedures ("CUSIP") numbers will be printed on the Bonds and the Purchaser must agree in the bid proposal to pay the cost thereof. In no event will the City, Bond Counsel or Municipal Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds.

BY ORDER OF THE CITY COUNCIL
City of Ames, Iowa
/s/ Duane Pitcher, Director of Finance

SCHEDULE OF BOND YEARS

$8,120,000*
City of Ames, Iowa
General Obligation Corporate Purpose Bonds, Series 2018A

Bonds Dated: September 10, 2018
Interest Due: June 1, 2019 and each December 1 and June 1 to maturity
Principal Due: June 1, 2019-2030

Year	Principal *	Bond Years	Cumulative Bond Years
2019	$625,000	453.13	453.13
2020	590,000	1,017.75	1,470.88
2021	605,000	1,648.63	3,119.50
2022	620,000	2,309.50	5,429.00
2023	635,000	3,000.38	8,429.38
2024	655,000	3,749.88	12,179.25
2025	675,000	4,539.38	16,718.63
2026	695,000	5,368.88	22,087.50
2027	720,000	6,282.00	28,369.50
2028	740,000	7,196.50	35,566.00
2029	765,000	8,204.63	43,770.63
2030	795,000	9,321.38	53,092.00

Average Maturity (dated date): 6.538 Years

* Preliminary; subject to change.

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EXHIBIT 1

FORMS OF ISSUE PRICE CERTIFICATES

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COMPETITIVE SALE MET – 3 BIDS RECEIVED

ISSUE PRICE CERTIFICATE

CITY OF AMES, IOWA
$8,120,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale of the obligations named above (the "Bonds").

1. *Reasonably Expected Initial Offering Price*.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. *Defined Terms*. For purposes of this Issue Price Certificate:

(a) *Issuer* means City of Ames, Iowa.

(b) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a "related party" to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was August 28, 2018.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dorsey & Whitney LLP, Des Moines, Iowa in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By:_______________________________________

Name:_____________________________________

Dated: September 10, 2018

SCHEDULE A

EXPECTED OFFERING PRICES

CITY OF AMES, IOWA
$8,120,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A

(*Attached*)

SCHEDULE B

COPY OF UNDERWRITER'S BID

CITY OF AMES, IOWA
$8,120,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A

(*Attached*)

COMPETITIVE SALE NOT MET

ISSUE PRICE CERTIFICATE

CITY OF AMES, IOWA
$8,120,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A

The undersigned, on behalf of [NAME OF UNDERWRITER (["[SHORT NAME OF UNDERWRITER]")] hereby certifies as set forth below with respect to the sale of the obligations named above (the "Bonds").

1. ***Initial Offering Price of the Bonds***. [SHORT NAME OF UNDERWRITER] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. ***First Price at which Sold to the Public.*** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein][in Schedule C], if different].

3. ***Hold the Offering Price Rule***. [SHORT NAME OF UNDERWRITER] has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"), and (ii) any agreement among underwriters, selling group agreement, or retail distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [SHORT NAME OF UNDERWRITER]'s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. ***Defined Terms***. For purposes of this Issue Price Certificate:

(a) *Holding Period* means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (August 28, 2018), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means the City of Ames, Iowa.

(c) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a "related party" to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was August 28, 2018.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dorsey & Whitney LLP, Des Moines, Iowa in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By:_______________________________________

Name:_____________________________________

Dated: September 10, 2018

SCHEDULE A

INITIAL OFFERING PRICES OF THE BONDS

CITY OF AMES, IOWA
$8,120,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A

(*Attached*)

SCHEDULE B

PRICING WIRE

CITY OF AMES, IOWA
$8,120,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A

(*Attached*)

SCHEDULE C

**SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE
AT THE INITIAL OFFERING PRICE**

**CITY OF AMES, IOWA
$8,120,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2018A**

(*Attached*)

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PRELIMINARY OFFICIAL STATEMENT

CITY OF AMES, IOWA

$8,120,000* General Obligation Corporate Purpose Bonds, Series 2018A

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Ames, Iowa (the "City") and its issuance of $8,120,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds"). This Preliminary Official Statement has been authorized by the City and may be distributed in connection with the sale of the Bonds authorized therein. Inquiries may be made to the City's Municipal Advisor, PFM Financial Advisors LLC (the "Municipal Advisor"), 801 Grand Avenue, Suite 3300, Des Moines, Iowa, 50309, or by telephoning 515-243-2600. Information can also be obtained from Mr. Duane Pitcher, Director of Finance, City of Ames, 515 Clark Avenue, Ames, Iowa, 50010, or by telephoning 515-239-5114.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Division III of Chapter 384 of the Code of Iowa and a resolution to be adopted by the City Council of the City. The Bonds are being issued for the essential corporate purposes of paying the cost, to that extent, of constructing improvements to streets and acquisition of emergency services communication equipment, and for the general corporate purpose of making improvements at the City's Fire Station #1.

The estimated sources and uses of the Bonds are as follows:

Sources of Funds*	
Par Amount of Bonds	$8,120,000.00
Uses of Funds*	
Deposit to Project Fund	$7,987,000.00
Underwriter's Discount	73,080.00
Cost of Issuance and Contingency	59,920.00
Total Uses	$8,120,000.00

* Preliminary; subject to change.

INTEREST

Interest on the Bonds will be payable on June 1, 2019 and semiannually on the 1st day of December and June thereafter. Principal and interest shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding the interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

OPTIONAL REDEMPTION

Bonds due after June 1, 2026 will be subject to call prior to maturity in whole, or from time to time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the City and the unlimited taxing powers of the City are irrevocably pledged for their payment. Upon issuance of the Bonds, the City will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due on all Bonds. If, however, the amount credited to the debt service fund for payment of the Bonds is insufficient to pay principal and interest, whether from transfers or from original levies, the City must use funds in its treasury and is required to levy ad valorem taxes upon all taxable property in the City without limit as to rate or amount sufficient to pay the debt service deficiency.

BOOK-ENTRY-ONLY ISSUANCE

The information contained in the following paragraphs of this subsection "BOOK-ENTRY-ONLY SYSTEM" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE". The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry-only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has S&P Global Ratings: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry-only system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry-only credit of tendered Securities to Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FUTURE FINANCING

The City does not anticipate issuing any additional general obligation debt within 90 days of this Preliminary Official Statement. However, the City does anticipate issuing two sewer revenue loan agreements with the Iowa Finance Authority via the State Revolving Fund clean water loan program, in the approximate amounts of $2,408,000 and $3,259,000 in late summer 2018. Both loan agreements will be repaid solely with net revenues of the City's sanitary sewer utility system.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

At closing, the City will certify that no controversy or litigation is pending, prayed or threatened involving the incorporation, organization, existence or boundaries of the Bonds, or the titles of the City officers to their respective positions, or the validity of the Bonds, or the power and duty of the Bonds to provide and apply adequate taxes for the full and prompt payment of the principal and interest of the Bonds, and that no measure or provision for the authorization or issuance of the Bonds has been repealed or rescinded."

DEBT PAYMENT HISTORY

The City knows of no instance in which they have defaulted in the payment of principal and interest on its debt.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt or taxable status of the interest thereon (see "TAX EXEMPTION AND RELATED TAX MATTERS" herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as APPENDIX A. Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Purchaser at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

Bond Counsel has not been engaged, nor has it undertaken to prepare or to independently verify the accuracy of the Official Statement, including, but not limited to, financial or statistical information of the City and risks associated with the purchase of the Bonds, except Bond Counsel has reviewed the information and statements contained in the Official Statement under, "TAX EXEMPTION AND RELATED TAX MATTERS" and "LEGAL MATTERS", insofar as such statements contained under such captions purport to summarize certain provisions of the Internal Revenue Code of 1986, the Bonds and any opinions rendered by Bond Counsel. Bond Counsel has prepared the documents contained in APPENDIX A and APPENDIX C.

TAX EXEMPTION AND RELATED TAX MATTERS

<u>Federal Income Tax Exemption:</u> The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "Code"), provided, however that such interest must be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations for taxable years beginning before January 1, 2018.

The opinion set forth in the preceding sentence will be subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the resolution authorizing the issuance of the Bonds, the City will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to such matters.

The interest on the Bonds is NOT exempt from present Iowa income taxes.

Proposed Changes in Federal and State Tax Law: From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax exempt status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Qualified Tax-Exempt Obligations: In the resolution authorizing the issuance of the Bonds, the City will designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations. In the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Original Issue Premium: The Bonds maturing in the years ______ are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire the Bonds at a premium must, from time to time, reduce their federal tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal income tax purposes on the basis of a bondholder’s constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Bonds at a premium should consult their tax advisors concerning the calculation of Bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Bonds acquired at a premium.

Original Issue Discount: The Bonds maturing in the years _____ (collectively, the “Discount Bonds”) are being sold at a discount from the principal amount payable on such Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the “Issue Price”) and the principal amount payable at maturity constitutes “original issue discount” under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner’s federal tax basis in determining gain or loss upon disposition of such Discount Bonds (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Discount Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

An owner of a Discount Bond who disposes of such Discount Bond prior to maturity should consult owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different than the Issue Price should consult their own tax advisor with respect to the tax consequences of the ownership of Discount Bonds.

The Code contains provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bond such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Original issue discount that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences to certain taxpayers. No opinion is expressed as to state and local income tax treatment of original issue discount. All owners of Discount Bonds should consult their own tax advisors with respect to the federal, state, local and foreign tax consequences associated with the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

BONDHOLDER'S RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Tax Levy Procedures: The Bonds are general obligations of the City, payable from and secured by a continuing ad-valorem tax levied against all of the taxable property within the boundaries of the City. As part of the budgetary process of the City, each fiscal year the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the boundaries of the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service on the Bond for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds.

2013 Property Tax Legislation: During its 2013 session the Iowa Legislature enacted, and the Governor signed legislation that, among other things, reduces the limit on annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduces as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. The legislation also created a new separate classification for multiresidential properties which were previously taxed as commercial properties, and assigns an incremental rollback percentage over several years for multiresidential properties such that the multiresidential rollback determination will match that for residential properties in the 2022 assessment year. As a result of this legislation, local governments expect to experience reductions in property tax revenues over the next several fiscal years. The legislation includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all, during the term the Bonds remain outstanding. The City does not expect the state replacement funding to fully address the property tax reductions resulting from the legislation during the term the Bonds remain outstanding. The legislation does not limit the legal obligation of the City to pay debt service on the Bonds or the amount the City is required to levy for payments of debt service on the Bonds; however, there can be no assurances that it will not have a material adverse impact with respect to the City's financial position.

Changes in Property Taxation: From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds. Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.

Matters Relating to Enforceability of Agreements: Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the resolution for the Bonds.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the resolution for the Bonds or the Loan Agreement. The remedies available to the Bondholders upon an event of default under the resolution for the Bonds or the Loan Agreement, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Loan Agreement or the resolution for the Bonds may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies will result in sufficient funds to pay all amounts due under the resolution for the Bonds or the Loan Agreement, including principal of and interest on the Bonds.

Secondary Market: There can be no guarantee there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular note or bond issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

Rating Loss: Moody's Investors Service ("Moody's") has assigned a rating of '__' to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance the rating with continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Insolvency: The rights and remedies provided in the resolution for the Bonds may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds, the Loan Agreement and the resolution for the Bonds, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the resolution for the Bonds. In the event the City fails to comply with its covenants under the resolution for the Bonds or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Forward-Looking Statements: This Preliminary Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Preliminary Official Statement, the words "anticipated," "plan," "expect," "projected," "estimate," "budget," "pro forma," "forecast," "intend," and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the City to pay debt service when due on the Bonds.

Tax Matters, Bank Qualification and Loss of Tax Exemption: As discussed under the heading "TAX EXEMPTION AND RELATED TAX MATTERS" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the City in violation of its covenants in the resolution for the Bonds. Should such an event of taxability occur, the Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

It is possible that actions of the City after the closing of the Bonds will alter the tax-exempt status of the Bonds, and, in the extreme, remove the tax-exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

Federal and State Immigration Initiatives: Various federal executive orders, and a recently enacted state law ("SF 481") which became effective July 1, 2018 (collectively "ICE Enforcement Initiatives"), impose requirements intended to promote compliance with the federal immigration detainment processes, and prohibit local entities from restricting enforcement of immigration law. Some of the ICE Enforcement Initiatives impose various penalties for non-compliance, including the loss of state and/or federal funding under certain circumstances. The loss of state and/or federal funds in any significant amount could negatively impact the City's overall financial position and may affect its rating.

The Bonds are not secured by state or federal funds, but instead are secured by a debt service levy upon real property within the jurisdictional limits of the City. Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds, "the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

DTC-Beneficial Owners: Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the City nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See "BOOK-ENTRY-ONLY SYSTEM."

Proposed Federal Tax Legislation: From time to time, Presidential proposals, federal legislative committee proposals or legislative proposals are made that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.

Pension and OPEB Information: The City contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide, multiple-employer, cost-sharing, defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the City are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the City being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its Fiscal Year ended June 30, 2017 (the "IPERS CAFR") indicates that as of June 30, 2016, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 83.9%, and the unfunded actuarial liability was $5.586 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2016, at approximately $6.293 billion, while its net pension liability at June 30, 2015 was approximately $4.94 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See APPENDIX B – "JUNE 30, 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT" for additional information on IPERS.

In Fiscal Year ended June 30, 2017, the City's IPERS contribution totaled approximately $7,654,501. The City is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the City's identified portion at June 30, 2017 at approximately $72,702,715. While the City's contributions to IPERS are controlled by state law, there can be no assurance the City will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the City. See "EMPLOYEES AND PENSIONS", and APPENDIX B – "JUNE 30, 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT" for additional information on pension and liabilities of the City.

Bond Counsel, the Underwriter, the Financial Advisor and the City undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the IPERS website.

The City contributes to Municipal Fire and Police Retirement System of Iowa ("MFPRSI"), which is a multiple-employer cost-sharing defined benefit pension plan for fire fighters and police officers, administered under Chapter 411 of the Code of Iowa. MFPRSI plan members are required to contribute a percentage of their annual salary, in addition to the City being required to make annual contributions to MFPRSI. Contribution amounts are set by State statute. The MFPRSI Comprehensive Annual Financial Report for its Fiscal Year ended June 30, 2017 (the "MFPRSI Report") indicates that as of June 30, 2017, the date of the most recent actuarial valuation for MFPRSI, the funded ratio of MFPRSI was 81.40%, and the unfunded actuarial liability was $562.2 million. The MFPRSI Report identifies the MFPRSI Net Pension Liability at June 30, 2017, at approximately $586.5 million, while its net pension liability at June 30, 2016 was approximately $625.3 million. The MFPRSI Report is available on the MFPRSI website. See "APPENDIX B – JUNE 30, 2017 INDEPENDENT AUDITORS' REPORT" for additional information on MFPRSI.

Bond Counsel, the Underwriter, the Municipal Advisor and the City undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the MFPRSI discussed above or included on the MFPRSI website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the MFPRSI website.

In the Fiscal Year ended June 30, 2017, the City's MFPRSI contribution totaled approximately $1,946,357. The City is current in its obligations to MFPRSI.

Pursuant to Governmental Accounting Standards Board Statement No. 68, MFPRSI has allocated the net pension liability among its members, with the City's identified portion at June 30, 2017 at approximately $16,569,071. While the City's contributions to MFPRSI are controlled by state law, there can be no assurance the City will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the City. See "EMPLOYEES AND PENSIONS", and APPENDIX B – JUNE 30, 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT" for additional information on MFPRSI.

The City and hospital provide health and dental care benefits for retirees and their beneficiaries through a single-employer, defined benefit plan. The hospital also provides a life insurance benefit. The City has the authority to establish and amend benefit provisions of the plan. Participants must be age 55 or older. The contribution requirements of the City are established and may be amended by the City. Plan members are currently not required to contribute. The City funds on a pay-as-you-go basis. See "OTHER POST-EMPLOYMENT BENEFITS", and APPENDIX B – "JUNE 30, 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT" for additional information.

Summary: The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Preliminary Official Statement and the appendices hereto.

RATING

The City has requested a rating on the Bonds from Moody's Investors Service. Currently, Moody's rates the City's outstanding General Obligation long-term debt 'Aa1'. The existing rating on long-term debt reflects only the view of the rating agency and with any explanation of the significance of such rating may only be obtained from Moody's. There is no assurance that such rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, Des Moines, Iowa as Municipal Advisor in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied on government officials and other sources to provide accurate information for disclosure purposes. The Municipal Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness or fairness of the information contained in this Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other Participating Underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the resolution authorizing the issuance of the Bonds and the "CONTINUING DISCLOSURE CERTIFICATE", to provide an Annual Report of specified information and notice of the occurrence of certain material events as hereinafter described (the "Undertakings"). The information to be provided on an annual basis, the events as to which notice is to be given, and a summary of other provisions of the Undertakings, including termination, amendment and remedies, are set forth as APPENDIX C to this Official Statement.

In accordance with the reporting requirements of paragraph (f)(3) of the Rule, within the past five years, the City failed to timely file a notice of bond call for the redemption of the City's General Obligation Corporate Purpose Bonds, Series 2009B.

Regarding the Mary Greeley Medical Center's (the "Medical Center") outstanding hospital revenue debt, the quarterly report for the quarters ended June 30, 2013 and June 30, 2014, and the annual financial information filings for the Fiscal Years ended June 30, 2013 through June 30, 2015 were timely filed, but were not properly linked to the Hospital Revenue Bonds, Series 2011 CUSIP numbers. In addition, certain tables were not included in the annual financial information filings for the Fiscal Years ended June 30, 2013 through 2015.

The City and the Medical Center have undertaken steps to correct these filings and to ensure all future filings required by its Undertakings are correctly and timely filed.

Breach of the Undertakings will not constitute a default or an "Event of Default" under the Bonds or the resolution for the Bonds. A broker or dealer is to consider a known breach of the Undertakings, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Undertakings may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City by PFM Financial Advisors LLC, Des Moines, Iowa, and to the best of our knowledge, information and belief, said Preliminary Official Statement does not contain any material misstatements of fact nor omission of any material fact regarding the issuance of $8,120,000* General Obligation Corporate Purpose Bonds, Series 2018A.

CITY OF AMES, IOWA
/s/ Duane Pitcher, Director of Finance

* Preliminary; subject to change.

CITY PROPERTY VALUATIONS

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs the county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The 2017 final Actual Values were adjusted by the Story County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2017, the taxable value rollback rate was 55.6209% of actual value for residential property; 54.4480% of actual value for agricultural property; 78.7500% of the actual value for multiresidential property; and 90% of actual value for commercial, industrial and railroad property. No adjustment was ordered for utility property because its assessed value did not increase enough to qualify for reduction. Utility property is limited to an 8% annual growth.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 3% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

PROPERTY VALUATIONS (1/1/2017 Valuations for Taxes Payable July 1, 2018 through June 30, 2019)

	100% Actual Value	Taxable Value (With Rollback)
Residential	$3,433,390,796	$1,909,559,823
Commercial	794,219,367	711,369,677
Industrial	153,921,400	138,529,260
Multiresidential	174,954,300	137,776,575
Railroads	8,150,700	7,335,630
Utilities w/o Gas & Electric	5,283,118	5,283,118
Gross valuation	$4,569,919,681	$2,909,854,083
Less military exemption	(2,287,220)	(2,287,220)
Net valuation	$4,567,632,461	$2,907,566,863
TIF Increment	$34,554,637	$34,554,637
Taxed separately		
Ag. Land & Building	$5,382,400	$2,930,613
Gas & Electric Utilities	$29,952,337	$7,174,759

2017 GROSS TAXABLE VALUATION BY CLASS OF PROPERTY 1)

	Taxable Valuation	Percent of Total
Residential	$1,909,559,823	65.46%
Multiresidential	137,776,575	4.72%
Gas & Electric Utilities	7,174,759	0.25%
Commercial, Industrial, Railroads, Utility	862,517,685	29.57%
Total Gross Taxable Valuation	$2,917,028,842	100.00%

1) Excludes Taxable TIF Increment and Ag. Land & Buildings.

TREND OF VALUATIONS

Assessment Year	Payable Fiscal Year	100% Actual Valuation	Taxable Valuation (With Rollback)	Taxable TIF Increment
2013	2014-15	$3,607,945,166	$2,353,356,218	$1,646,350
2014	2015-16	3,793,802,326	2,444,958,642	1,827,450
2015	2016-17	4,055,993,730	2,603,065,698	10,883,485
2016	2017-18	4,184,550,434	2,701,440,748	30,501,176
2017	2018-19	4,637,521,835	2,914,741,622	34,554,637

The 100% Actual Valuation, before rollback and after the reduction of military exemption, includes Ag. Land & Buildings, TIF Increment and Gas & Electric Utilities. The Taxable Valuation, with the rollback and after the reduction of military exemption, includes Gas & Electric Utilities and excludes Ag. Land & Buildings and Taxable TIF Increment. Iowa cities certify operating levies against Taxable Valuation excluding Taxable TIF Increment and debt service levies are certified against Taxable Valuation including the Taxable TIF Increment.

LARGER TAXPAYERS

Set forth in the following table are the persons or entities which represent larger taxpayers within the boundaries of the City, as provided by the Story County Auditor's office. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. With the exception of the electric and natural gas provider noted below (which is subject to an excise tax in accordance with Iowa Code chapter 437A), the City's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

Taxpayer [1)]	Type of Property/Business	1/1/2017 [2)] Taxable Valuation
Iowa State University Research Park	Commercial	$54,565,258
Campus Investors IS LLC	Commercial	37,200,040
Barilla America Inc.	Industrial	33,520,140
Clinic Building Company, Inc.	Commercial	25,849,661
Greater Iowa Credit Union	Commercial	21,687,508
GPT Ames Owner LLC	Commercial	21,346,650
Dayton Park LLC	Commercial	19,053,909
Wal-Mart Stores, Inc. – Store 4256-00	Commercial	18,810,000
CB at Ames LLC	Multiresidential	17,734,982
University West Property Owner LLC	Commercial	16,883,813

1) This list represents some of the larger taxpayers in the City, not necessarily the 10 largest taxpayers.
2) The January 1, 2017 Taxable valuations listed represents only those valuations associated with the title holder and may not necessarily represent the entire taxable valuation.

Source: Story County Auditor

PROPERTY TAX LEGISLATION

During the 2013 legislative session, the Iowa General Assembly enacted Senate File 295 (the "Act"), which the Governor signed into law on June 12, 2013. Among other things, the Act (i) reduced the maximum annual taxable value growth percent, due to revaluation of existing residential and agricultural property to 3%, (ii) assigned a "rollback" (the percentage of a property's value that is subject to tax) to commercial, industrial and railroad property of 90%, (iii) created a new property tax classification for multi-residential properties (mobile home parks, manufactured home communities, land-lease communities, assisted living facilities and property primarily used or intended for human habitation containing three or more separate dwelling units) ("Multiresidential Property"), and assigned a declining rollback percentage of 3.75% to such properties for each year until the 2021 assessment year (the rollback percentage for Multiresidential Properties is equal to the residential rollback percentage in the 2022 assessment year and thereafter) and (iv) exempted a specified portion of the assessed value of telecommunication properties.

The Act included a standing appropriation to replace some of the tax revenues lost by local governments, including tax increment districts, resulting from the new rollback for commercial and industrial property. Beginning in Fiscal Year 2017-18 the standing appropriation cannot exceed the actual Fiscal Year 2016-17 appropriation amount. The appropriation does not replace losses to local governments resulting from the Act's provisions that reduce the annual revaluation growth limit for residential and agricultural properties to 3%, the gradual transition for Multiresidential Property to the residential rollback percentage, or the reduction in the percentage of telecommunications property that is subject to taxation.

Given the wide scope of the statutory changes, and the State of Iowa's discretion in establishing the annual replacement amount that is appropriated each year commencing in Fiscal Year 2017-18, the impact of the Act on the City's future property tax collections is uncertain and the City is unable to accurately assess the financial impact of the Act's provisions on the City's future operations.

Notwithstanding any decrease in property tax revenues that may result from the Act, Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds, "the governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

From time to time, other legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described in this Preliminary Official Statement. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the City.

CITY INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the Actual Value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2017 Actual Valuation currently applicable to the Fiscal Year 2018-19, is as follows:

2017 Gross Actual Valuation of Property	$4,637,521,835 [1)]
Legal Debt Limit of 5%	0.05
Legal Debt Limit	$231,876,092
Less: G.O. Debt Subject to Debt Limit	(73,600,000) *
Less: Other Debt Subject to Debt Limit	(302,218) [2)]
Net Debt Limit	$157,973,874 *

1) Actual Valuation of property as reported by the Iowa Department of Management for the Fiscal Year 2018-19.
2) Other Debt Subject to Debt Limit includes TIF rebate agreement payments appropriated for Fiscal Year 2018-19.

DIRECT DEBT

General Obligation Debt Paid by Taxes and Other Sources [1)] (Includes the Bonds)

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/10/18
9/10A	$6,690,000	Capital Improvement Projects	6/22	$2,510,000
5/11A	5,980,000	Refunding Series 2002A, 2002B & 2003	6/21	730,000
11/11B	6,675,000	Corporate Purpose Improvements	6/23	2,965,000
10/12	12,660,000	Corporate Purpose Improvements	6/32	7,800,000
5/13	22,540,000	Corporate Purpose Improvements & Refunding	6/32	14,750,000
9/14	9,695,000	Corporate Purpose Improvements	6/26	6,515,000
9/15A	18,445,000	Corporate Purpose Improvements & Refunding	6/35	11,715,000
9/16A	11,650,000	Corporate Purpose Improvements & Refunding	6/28	9,040,000
9/17A	10,975,000	Corporate Purpose Improvements & Refunding	6/29	9,455,000
9/18A	8,120,000*	Corporate Purpose Improvements	6/30	8,120,000 *
Total				$73,600,000 *

1) The City's general obligation debt is abated by tax increment reimbursements, water revenues, sewer revenues, airport revenues, resource recovery revenues and special assessments.

* Preliminary; subject to change.

Annual Fiscal Year Debt Service Payments (Includes the Bonds)

	Existing Debt		Bonds		Total Outstanding	
Fiscal Year	Principal	Principal and Interest	Principal*	Principal and Interest*	Principal*	Principal and Interest*
2018-19	$9,105,000	$11,172,441	$625,000	$802,731	$9,730,000	$11,975,172
2019-20	8,405,000	10,148,924	590,000	820,647	8,995,000	10,969,571
2020-21	7,850,000	9,292,174	605,000	820,838	8,455,000	10,113,012
2021-22	6,775,000	7,977,219	620,000	819,745	7,395,000	8,796,964
2022-23	6,300,000	7,288,139	635,000	817,695	6,935,000	8,105,834
2023-24	5,810,000	6,600,869	655,000	819,597	6,465,000	7,420,466
2024-25	4,915,000	5,532,794	675,000	820,078	5,590,000	6,352,872
2025-26	4,350,000	4,811,394	695,000	819,153	5,045,000	5,630,547
2026-27	3,795,000	4,135,619	720,000	821,844	4,515,000	4,957,463
2027-28	2,605,000	2,838,319	740,000	818,228	3,345,000	3,656,547
2028-29	1,805,000	1,973,644	765,000	818,438	2,570,000	2,792,082
2029-30	1,160,000	1,274,494	795,000	822,428	1,955,000	2,096,922
2030-31	1,195,000	1,274,694			1,195,000	1,274,694
2031-32	1,230,000	1,273,844			1,230,000	1,273,844
2032-33	60,000	65,775			60,000	65,775
2033-34	60,000	63,900			60,000	63,900
2034-35	60,000	61,950			60,000	61,950
Total	$65,480,000		$8,120,000*		$73,600,000*	

* Preliminary; subject to change.

OTHER DEBT

Water Revenue Debt

The City has water revenue debt paid solely from the net revenues of the Water Utility as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/10/18
2/15	$76,325,000	Water Revenue Bonds (SRF)	6/37	$63,960,966 1)

1) Preliminary; subject to change based on final project costs. The City has drawn $66,830,966 as of June 21, 2018.

Sewer Revenue Debt

The City has sewer revenue debt paid solely from the net revenues of the Sewer Utility as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/10/18
11/12	$3,121,000	Sewer Revenue Bonds (SRF)	6/33	$1,801,250 [1)]
4/14	375,000	Planning and Design Loan (SRF)	4/19	318,750 [2)]
9/16	375,000	Planning and Design Loan (SRF)	9/19	0 [3)]
9/16	797,000	Sewer Revenue Bonds (SRF)	6/36	575,332 [4)]
2/18	1,001,000	Sewer Revenue Bonds (SRF)	6/38	139,848 [5)]
Total				$2,835,180

1) Preliminary; subject to change based on final project costs. The City has drawn $2,469,250 as of June 21, 2018.
2) Preliminary; subject to change based on final project costs. The City has drawn $318,750 as June 21, 2018.
3) Preliminary; subject to change based on final project costs. The City has drawn $0 as June 21, 2018.
4) Preliminary; subject to change based on final project costs. The City has drawn $641,332 as June 21, 2018.
5) Preliminary; subject to change based on final project costs. The City has drawn $139,848 as June 21, 2018.

Electric Revenue Debt

The City has electric revenue debt paid solely from the net revenues of the Electric Utility as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/10/18
12/15B	$9,500,000	Electric Revenue Bonds	6/27	$7,420,000

Hospital Revenue Debt

The City has hospital revenue debt paid solely from the net revenues of Mary Greeley Medical Center as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/10/18
11/12	$26,000,000	Mary Greeley Medical Center & Refunding	6/27	$12,700,000
06/16	64,790,000	Mary Greeley Medical Center & Refunding	6/36	63,445,000
Total				$76,145,000

OVERLAPPING DEBT

Taxing District	1/1/2017 Taxable Valuation 1)	Valuation Within the City	Percent Applicable	G.O. Debt 2)	City's Proportionate Share
Story County	$4,869,972,136	$2,952,226,872	60.62%	$815,000	$494,053
Ames CSD	2,714,303,465	2,665,959,739	98.22%	13,315,000	13,077,993
Gilbert CSD	535,997,342	272,602,355	50.86%	26,305,000	13,378,723
Nevada CSD	501,168,291	753,583	0.15%	4,809,000	7,214
United CSD	292,204,125	12,911,195	4.42%	0	0
DMACC	47,685,435,379	2,952,226,872	6.19%	70,090,000	4,338,571
City's share of total overlapping debt:					$31,296,554

1) Taxable Valuation excludes military exemption and includes Ag Land, Ag Buildings, all Utilities and TIF Increment.
2) Includes general obligation bonds, PPEL notes, certificates of participation and new jobs training certificates.

DEBT RATIOS

	G.O. Debt	Debt/Actual Market Value ($4,637,521,835) 1)	Debt/58,965 Population 2)
Total General Obligation Debt	$73,600,000*	1.59%*	$1,248.20*
City's Share of Overlapping Debt	$31,296,554	0.67%	$530.76

1) Based on the City's 1/1/2017 100% Actual Valuation; includes Ag Land, Ag Buildings, all Utilities and TIF Increment.
2) Population based on the City's 2010 U.S. Census.

* Preliminary; subject to change.

LEVIES AND TAX COLLECTIONS

Fiscal Year	Levy	Collected During Collection Year	Percent Collected
2014-15	$25,557,159	$24,772,590	96.93%
2015-16	26,000,394	25,108,284	96.57%
2016-17	27,044,391	25,919,199	95.84%
2017-18	28,137,151	--------In Process of Collection--------	
2018-19	29,474,657	--------In Process of Collection--------	

Collections include delinquent taxes from all prior years. Taxes in Iowa are delinquent each October 1 and April 1 and a late payment penalty of 1% per month of delinquency is enforced as of those dates. If delinquent taxes are not paid, the property may be offered at the regular tax sale on the third Monday of June following the delinquency date. Purchasers at the tax sale must pay an amount equal to the taxes, special assessments, interest and penalties due on the property and funds so received are applied to taxes. A property owner may redeem from the regular tax sale but, failing redemption within three years, the tax sale purchaser is entitled to a deed, which in general conveys the title free and clear of all liens except future tax installments.

Source: City's FY 2016-17 Comprehensive Annual Financial Report and City's Adoption of Budget and Certification of City Taxes Form 85-811 for FY 2017-18 and FY 2018-19.

TAX RATES

	FY 2014-15 $/$1,000	FY 2015-16 $/$1,000	FY 2016-17 $/$1,000	FY 2017-18 $/$1,000	FY 2018-19 $/$1,000
Story County	5.38990	5.68249	5.09972	5.08816	5.06487
Story County Hospital	0.58000	0.58000	0.63884	0.75000	0.85000
County Ag. Extension	0.08157	0.08447	0.08268	0.08331	0.08154
City of Ames	10.85538	10.62937	10.37327	10.37589	10.06857
City Assessor	0.33992	0.37804	0.39544	0.31814	0.31814
Ames Comm. School District	14.34759	14.20276	14.34101	14.34129	14.34179
Gilbert Comm. School District	17.71795	17.83972	18.92186	18.90541	18.90141
Nevada Comm. School District	16.75171	16.80944	16.81007	16.81507	16.81478
United Comm. School District	10.16705	8.51849	8.94613	10.05600	10.10152
Des Moines Area Comm. College	0.65724	0.67574	0.72334	0.67458	0.69468
State of Iowa	0.00330	0.00330	0.00330	0.00310	0.00290
Total Tax Rate:					
Ames CSD Resident	32.25490	32.23617	31.65760	31.63447	34.42249
Gilbert CSD Resident	35.62526	35.87313	36.23845	36.19859	35.98211
Nevada CSD Resident	34.65902	34.84285	34.12666	34.10825	33.89548
United CSD Resident	28.07436	26.55190	26.26272	27.34918	27.18222

LEVY LIMITS

A city's general fund tax levy is limited to $8.10 per $1,000 of taxable value, with provision for an additional $0.27 per $1,000 levy for an emergency fund which can be used for general fund purposes (Code of Iowa, Chapter 384, Division I). Cities may exceed the $8.10 limitation upon authorization by a special levy election. Further, there are limited special purpose levies, which may be certified outside of the above-described levy limits (Code of Iowa, Section 384.12). The amount of the City's general fund levy subject to the $8.10 limitation is $5.50149 for Fiscal Year 2018-19, and the City has levied no emergency levy. The City has certified special purpose levies outside of the above described levy limits as follows: $0.71534 for police and fire retirement and $0.63361 for the operation and maintenance of a public transit system. Debt service levies are not limited.

FUNDS ON HAND (CASH AND INVESTMENTS AS OF JUNE 30, 2018)

Governmental	
General Fund	$10,721,091
Debt Service Fund	1,019,300
Capital Projects Fund	16,906,730
Other Governmental Funds	18,956,305
Business-type	
Mary Greeley Medical Center	$287,325,345
Electric Utility	47,321,545
Sewer Utility	10,144,554
Water Utility	21,095,499
Other Enterprise Funds	10,387,801
Internal Service Funds	19,626,112
Total all funds	$443,504,282

GENERAL FUND BUDGETS (ACCRUAL BASIS)

The table below represents a comparison between the final Fiscal Year 2016-17 actual financial performance, the amended Fiscal Year 2017-18 budget and the adopted Fiscal Year 2018-19 budget on an accrual basis.

	Actual FY 2016-17	Amended FY 2017-18	Adopted FY 2018-19
Revenues:			
Property taxes	$16,147,378	$16,988,606	$17,854,380
Other City taxes	2,489,283	2,454,049	2,514,018
Licenses and permits	2,088,417	1,548,328	1,626,450
Use of money and property	340,618	506,119	560,941
Intergovernmental	1,000,544	1,061,679	1,036,653
Charges for fees and services	3,720,418	4,010,649	4,240,734
Miscellaneous	335,820	138,462	133,811
Transfers in	8,969,890	9,105,254	9,359,575
Proceeds of Capital Asset Sales	0	750	750
Total revenues	$35,092,368	$35,813,896	$37,327,312
Expenditures:			
Public safety	$17,790,209	$19,314,033	$19,995,789
Public works	248,505	377,964	284,136
Health and social services	0	0	0
Culture and recreation	7,668,066	8,095,467	8,314,825
Community & economic development	1,038,013	1,466,872	1,094,245
General government	2,539,379	2,728,337	2,625,686
Capital projects	699,782	2,053,069	0
Transfers out	4,822,629	4,842,183	5,012,631
Total expenditures	$34,806,583	$38,877,925	$37,327,312
Excess (deficiency) of revenues over (under) expenditures	$285,785	($3,064,029)	$0
Fund balance at beginning of year	12,627,946	12,913,731	9,849,702
Fund balance at end of year	$12,913,731	$9,849,702	$9,849,702

THE CITY

CITY GOVERNMENT

The City of Ames, Iowa (the "City") is governed under and operates under a Mayor-Council form of government with a City Manager. The principle of this type of government is that the Council sets policy and the City Manager carries it out. The six members of the Council are elected for staggered four-year terms. One member is elected from each of the four wards and two are elected at large. The Council appoints the City Manager as well as the City Attorney. The City Manager is the chief administrative officer of the City. The Mayor is elected for a four-year term, presides at Council meetings and appoints members of various City boards, commissions and committees with the approval of the Council.

EMPLOYEES AND PENSIONS

The City has 1,354 full-time employees of which 497 are governmental employees and 857 are employees of the Mary Greeley Medical Center, and 1,372 part-time employees (including seasonal employees) of which 904 are governmental employees and 468 are employees of the Mary Greeley Medical Center. Included in the City's full-time employees are 54 sworn police officers and 57 firefighters.

The City participates in two statewide employee retirement systems, the Iowa Public Employees Retirement System ("IPERS") and the Municipal Fire and Police Retirement System of Iowa ("MFPRSI"). The State of Iowa administers IPERS and a nine-member board of trustees governs the MFPRSI. Though separate and apart from state government, the MFPRSI board is authorized by state legislature, which also establishes by statute the pension and disability benefits and the system's funding mechanism. All full-time employees must participate in either IPERS or MFPRSI.

<u>Iowa Public Employees Retirement System</u>: The City contributes to IPERS, which is a cost-sharing, multiple-employer, contributory defined benefit public employee retirement system administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute, to plan members and beneficiaries. IPERS is authorized to adjust the total contribution rate up or down each year, by no more than 1 percentage point, based upon the actuarially required contribution rate. The City's contributions to IPERS for the past three fiscal years, as shown below, equal the required contributions for each year.

	FY 2014-15	FY 2015-16	FY 2016-17
IPERS City Contribution	$7,272,880	$7,543,219	$7,654,501

On March 24, 2017, IPERS Investment Board voted to approve changes to economic assumptions used in calculating IPERS' liabilities. This action followed an economic assumption study presentation by the consulting actuarial firm of Cavanaugh Macdonald of Bellevue, NE.

The new assumptions are:

- Inflation drops from 3 percent to 2.6 percent
- Interest on member accounts drops from 3.75 percent to 3.5 percent
- Investment return drops from 7.5 percent to 7 percent
- Wage growth drops from 4 percent to 3.25 percent
- Payroll growth drops from 4 percent to 3.25 percent

The study applied these assumptions to the 2016 data to illustrate their impact on key funding measurements. The funded ratio is a "snapshot in time" and indicates the financial health of a pension system. Using the new assumptions, with the 2016 data, IPERS' funded ratio dropped from 84 percent to 80 percent. These assumptions were first applied in the June 30, 2017 valuation, which was used to determine the contribution rates effective July 1, 2018.

The net result of these changes will be a lower funded ratio and an increase in liabilities of $1.4 billion. Even though these changes will have a negative impact on IPERS' funded ratio, the Investment Board believes that these modifications will provide a more accurate valuation of future liabilities. Each year an investment return is less than the assumed return adds to the liability and increases the needed return in future years which can lead to even higher contribution rates.

The IPERS Comprehensive Annual Financial Report ("CAFR") is available on the IPERS website, https://www.ipers.org/financial-and-investment, or by contacting IPERS at 7401 Register Drive P.O. Box 9117, Des Moines, IA 50321.

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the IPERS website.

Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 68, the City reported a liability of $72,702,715 within its CAFR as of June 30, 2017 for its proportionate share of the net pension liability. The net pension liability is the amount by which the total actuarial liability exceeds the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's collective proportion was 1.1552%, which was a decrease of 0.0064% from its proportion measured as of June 30, 2015.

Municipal Fire and Police Retirement System of Iowa: The City contributes to MFPRSI, which is a cost-sharing, multiple-employer defined benefit pension plan. MFPRSI provides retirement, disability, and death benefits to firefighters and police offers. Benefit provisions are established by state statute, and vest after four years of credited service.

MFPRSI plan members are required to contribute a percentage of their annual covered salary, and the City is required to contribute at an actuarially determined rate of annual covered payroll. The contribution requirements of plan members and the City are established, and may be amended by state statute. The City's contributions to MFPRSI for the past three fiscal years, as shown below, equal the required contributions for each year.

	FY 2014-15	FY 2015-16	FY 2016-17
MFPRSI City Contribution	$2,150,611	$1,994,209	$1,946,357

The MFPRSI Independent Auditors Report is available on the MFPRSI website, http://www.mfprsi.org/about-mfprsi/publications/, or by contacting MFPRSI at 7155 Lake Drive, Suite 201, West Des Moines, IA 50266.

Bond Counsel, the City and the Municipal Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from MFPRSI discussed above or included on the MFPRSI websites, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the MFPRSI websites.

Pursuant to GASB Statement No. 68, the City reported a liability of $16,569,071 with its CAFR as of June 30, 2017 for its proportionate share of the net pension liability. The net pension liability is the amount by which the total actuarial liability exceeds the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2016, the City's collective proportion was 2.6499%, which was an increase of 0.0468% from its proportion measured as of June 30, 2015.

For additional information regarding the City's pension plans, refer to Section IV, Note F, beginning on page 57 of the City's June 30, 2017 CAFR contained as APPENDIX B of this Official Statement.

OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board ("GASB") has issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions ("GASB 45"), which addresses how state and local governments must account for and report their obligations related to post-employment healthcare and other non-pension benefits (referred to as Other Post-Employment Benefits or "OPEB"). GASB 45 requires that local governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions.

The City and hospital provide health and dental care benefits for retired employees and their beneficiaries through a single-employer, defined benefit plan. The hospital also provides a life insurance benefit. The City has the authority to establish and amend benefit provisions of the plan. The post-employment benefit is limited to the implied subsidy since retirees pay 100% of the premium for the insurance benefits, since the premium rates are based on the entire pool of covered members, the retirees receive an implied subsidy since their rate are not risk adjusted. The City's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of the GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the Fiscal Year ended June 30, 2017, the amount actually contributed to the plan, and changes in the City's annual OPEB obligation.

	City	Medical Center	Total
Annual required contribution, ARC	$170,000	$458,581	$628,581
Interest on net OPEB obligation	63,000	196,973	259,973
Adjustment to ARC	(56,000)	(140,204)	(196,204)
Annual OPEB cost	177,000	515,350	692,350
Contributions and payments made	(94,599)	(79,735)	(174,334)
Increase in net OPEB obligation	82,4010	435,615	518,016
Net OPEB obligation, beginning of year	1,577,278	3,939,451	5,516,729
Net OPEB obligation, end of year	$1,659,679	$4,375,066	$6,034,745

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for Fiscal Years 2014 through 2016 are presented in the following table.

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$692,350	25.18%	$6,034,745
2016	698,318	11.46%	5,516,729
2015	704,742	(11.15%)	4,898,412

As of July 1, 2016 (July 1, 2015 for the hospital), the most recent actuarial valuation dates, the actuarial accrued liability ("AAL") was $6,123,374 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability ("UAAL"), of $6,123,374. The covered payroll (annual payroll of active employees covered by the plan) was $92,032,648, and the ratio of the UAAL to the covered payroll was 6.65%.

For additional information regarding the City's Post-Employment Benefits, refer to Section IV, Note G, beginning on page 67 of the City's June 30, 2017 CAFR contained as APPENDIX B of this Official Statement.

UNION CONTRACTS

City employees are represented by the following five bargaining units:

Bargaining Unit	Contract Expiration Date
International Association of Firefighters	June 30, 2019
Public, Professional and Maintenance Employees	June 30, 2020
International Brotherhood of Electrical Workers	June 30, 2020
International Union of Operating Engineers (Local 234C)	June 30, 2019
International Union of Operating Engineers (Local 234D)	June 30, 2019

INSURANCE

The City's insurance coverage is as follows:

Type of Insurance	All Limits
General Liability	$15,000,000
Auto Liability	15,000,000
Wrongful Acts	15,000,000
Excess (over all other coverage except Iowa liquor liability)	15,000,000
Law Enforcement	15,000,000
Public Official	15,000,000
Employee Benefit	1,000,000
Medical Malpractice	15,000,000
Underinsured Motorist	1,000,000
Uninsured Motorist	1,000,000
Commercial Property	
Commercial Property & Boiler and Machinery, Power Generation related	200,000,000
Municipal Properties & Boiler and Machinery, Non-Power Generation	156,866,669
Terrorism – TRIA (Federally defined terrorist acts)	Included in both of above
Commercial Property Flood Insurance	
Non-flood Plain Facilities (power generation)	100,000,000
Non-flood Plain Facilities (non-power)	25,000,000
Flood Plain Facilities:	
Transit	6,000,000
Water Pollution Control	6,000,000
Airport	7,500,000
All Other	1,000,000
Airport Liability	3,000,000

GENERAL INFORMATION

LOCATION AND TRANSPORTATION

The City is located in Story County in central Iowa. It is approximately thirty miles north of Des Moines, Iowa, the State capital and largest city in the state. The City is located on Interstate Highways 35 and 30. The City was incorporated in 1864 under the laws of the State of Iowa, later amended in July, 1975 under the Home Rule City Act.

The City, with a United States Census Bureau 2010 population of 58,965, is known for its excellent quality of life which includes a relatively crime-free environment, an extensive park system, superior cultural/recreations facilities and a nationally recognized school system. The City is the home of Iowa State University ("ISU"). ISU was established in 1859 and is an integral part of the community.

The City operates a mass transit system to provide efficient and economical transportation to all members of the community. A fixed routing service is available on a daily basis to most residents and a Dial-A-Ride service is available for elderly or handicapped residents. The City operates a municipal airport, which handles primarily charter services. National air service is available at the Des Moines International Airport, approximately thirty miles south of the City. The City is also provided freight services through the Union Pacific Railroad line.

LARGER EMPLOYERS

A representative list of larger employers in the City is as follows:

Employer	Type of Business	Number of Employees [1)]
Iowa State University	Higher Education	17,075 [2)]
City of Ames	Municipal Government	1,401
Mary Greeley Medical Center	Health Care	1,325
Iowa Department of Transportation	Public Transportation	1,025
McFarland Clinic, P.C.	Health Care	986
Danfoss Corp.	Hydro-Transmissions	925
USDA	Ag Research Facility	857
Hy-Vee Food Stores	Grocery	805
Ames Community School District	Education	635
Workiva	Software	455
Wal-Mart	Retail	415

1) Includes full-time, part-time and seasonal employees.
2) Includes student and graduate assistants.

Source: The City and company inquiries.

BUILDING PERMITS

Permits for the City are reported on a calendar year basis. City officials reported most recently available construction activity for a portion of the current calendar year, as of June 30, 2018. The figures below include both new construction and remodeling.

	2014	2015	2016	2017	2018
Residential Construction:					
Number of units:	431	430	458	451	230
Valuation:	$31,397,178	$34,403,447	$39,750,700	$45,151,141	$22,679,179
Commercial Construction:					
Number of units:	231	223	223	215	112
Valuation:	$194,854,793	$175,625,807	$131,925,258	$145,078,724	$32,685,859
Total Permits	662	653	681	666	342
Total Valuations	$226,251,971	$210,029,254	$171,675,958	$190,229,865	$55,365,038

U.S. CENSUS DATA

Population Trend

Population Trend:	1980 U.S. Census	43,775
	1990 U.S. Census	47,198
	2000 U.S. Census	50,731
	2010 U.S. Census	58,965
	2015 U.S. Census (estimated)	65,060

Source: U.S. Census Bureau

UNEMPLOYMENT RATES

		City of Ames	Story County	State of Iowa
Annual Averages:	2015	2.7%	2.9%	4.2%
	2015	2.3%	2.5%	3.8%
	2016	2.1%	2.3%	3.6%
	2017	1.9%	2.0%	3.1%
	2018 (through May)	1.5%	1.7%	3.0%

Source: Iowa Workforce Development Center

EDUCATION

Public education is provided by the Ames Community School District, with a fall 2017 certified enrollment of 4,299.8. The district, with approximately 635 employees, owns and operates one early childhood center, five elementary schools, one middle school and one high school. Nevada Community School District, Gilbert Community School District and United Community School District all lie partially within the City and provide public education to portions of the City.

The Iowa State University ("ISU") 2017 fall enrollment was 36,321. The 2018 fall enrollment is projected to be around 35,000. ISU is the City's largest employer with faculty and staff totaling approximately 17,075, including teaching assistants and hourly part-time employees. ISU, in addition to its educational function, is a leading agricultural research and experimental institution.

The Iowa State Center is the cultural center of ISU and the City. It attracts major dramatic and musical events, as well as seminars and conferences to the City. It is a complex of three structures: two theaters with capacities of 2,700 and 428, and a continuing education building with a 450 seat auditorium and 24 meeting rooms. Connected to this complex are two of Iowa State University's major Big 12 athletic venues: a football stadium with a seating capacity of 61,000 and a coliseum with capacity for 15,000.

In addition to ISU located in the City, the following institutions provide higher education within 30 miles of the City: Drake University, Grand View University, Des Moines University (formerly University of Osteopathic Medicine and Health Services). Two-year degree programs are offered at Des Moines Area Community College, Upper Iowa University, Vatterott College and Kaplan University (formerly Hamilton College).

FINANCIAL SERVICES

Financial services for the residents of the City are provided by First National Bank Ames, Iowa and VisionBank of Iowa. In addition, the City is served by branch offices of Bank of the West, Bankers Trust Company, CoBank ACB, Exchange State Bank, First American Bank, Great Southern Bank, Great Western Bank, Midwest Heritage Bank F.S.B., US Bank, N.A., and Wells Fargo Bank, as well as by several credit unions.

First National Bank and VisionBank of Iowa report the following deposits as of June 30 for each year:

Year	First National Bank	VisionBank of Iowa
2014	$493,613,000	$331,845,000
2015	583,184,000	306,613,000
2016	585,973,000	337,027,000
2017	635,176,000	362,537,000
2018 [1)]	643,816,000	344,376,000

1) As of March 31, 2018.

Source: Federal Deposit Insurance Corporation (FDIC)

FINANCIAL STATEMENTS

The City's "JUNE 30, 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT", as prepared by City management and audited by a certified public accountant, is reproduced as APPENDIX B. The City's certified public accountant has not consented to distribution of the audited financial statements and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the City's prior Comprehensive Annual Financial Report may be obtained from PFM Financial Advisors LLC.

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APPENDIX A

FORM OF LEGAL OPINION

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[Form of Bond Counsel Opinion]

We hereby certify that we have examined certified copies of the proceedings (the "Proceedings") of the City Council of the City of Ames (the "Issuer"), in Story County, Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds") in the amount of $8,120,000*, dated September 10, 2018, in the denomination of $5,000 each, or any integral multiple thereof, in accordance with a loan agreement dated as of September 10, 2018 (the "Loan Agreement"), and pursuant to a resolution adopted by the Issuer on August 28, 2018 (the "Resolution"). The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing June 1, 2019, at the respective rates as follows:

Year	Principal Amount	Interest Rate Per Annum	Year	Principal Amount	Interest Rate Per Annum
2019	$625,000	____%	2025	$675,000	____%
2020	$590,000	____%	2026	$695,000	____%
2021	$605,000	____%	2027	$720,000	____%
2022	$620,000	____%	2028	$740,000	____%
2023	$635,000	____%	2029	$765,000	____%
2024	$655,000	____%	2030	$795,000	____%

but the Bonds maturing in each of the years 2027 to 2030, inclusive, are subject to redemption prior to maturity on June 1, 2026 or any date thereafter, upon terms of par and accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.

2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.

3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.

4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "Code"); it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations for taxable years beginning before January 1, 2018, such interest is taken into account in

determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

5. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

*Subject to adjustment

APPENDIX B

JUNE 30, 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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DRAFT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Ames, Iowa (the "Issuer"), in connection with the issuance of $8,120,000 General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds"), dated September 10, 2018. The Bonds are being issued pursuant to a resolution of the Issuer approved on August 28, 2018 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Dissemination Agent, if any, designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system available at http://emma.msrb.org.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street, N.W., Suite 1000, Washington, D.C. 20005.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Reports.

(a) Not later than June 30 (the "Submission Deadline") of each year following the end of the 2017-2018 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the Submission Deadline if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such audited financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

(b) Tables, schedules or other information contained in the official statement for the Bonds, under the following captions:

Direct Debt
Property Valuations
Levies and Tax Collections
Larger Taxpayers
Trend of Valuations
Tax Rates

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13) or (14) has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11) or (12) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section (5)(a) paragraphs (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or Annual Report prepared by the Issuer pursuant to this Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (ii) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by a majority of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing audited financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the audited financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: September 10, 2018

CITY OF AMES, IOWA

By____________________________________
Mayor

Attest:

By____________________________________
City Clerk

OFFICIAL BID FORM

To: City Council of
City of Ames, Iowa

Sale Date: August 28, 2018
11:00 A.M., CT

RE: $8,120,000* General Obligation Corporate Purpose Bonds, Series 2018A (the "Bonds")

This bid is a firm offer for the purchase of the Bonds identified in the "TERMS OF OFFERING" and on the terms set forth in this bid form and "TERMS OF OFFERING", and is not subject to any conditions, except as permitted by the "TERMS OF OFFERING". By submitting this bid, we confirm we have an established industry reputation for underwriting new issuance of municipal bonds.

For all or none of the above Bonds, in accordance with the "TERMS OF OFFERING", we will pay you $________________ (not less than $8,046,920) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

Coupon	Maturity	Yield	Coupon	Maturity	Yield
___________	2019	___________	___________	2025	___________
___________	2020	___________	___________	2026	___________
___________	2021	___________	___________	2027	___________
___________	2022	___________	___________	2028	___________
___________	2023	___________	___________	2029	___________
___________	2024	___________	___________	2030	___________

* Preliminary; subject to change. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $8,525,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

We hereby designate that the following Bonds to be aggregated into term bonds maturing on June 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

Years Aggregated	Maturity Year	Aggregate Amount
_______ through _______	______________	______________
_______ through _______	______________	______________
_______ through _______	______________	______________
_______ through _______	______________	______________

In making this offer we accept all of the terms and conditions of the "TERMS OF OFFERING" published in the Preliminary Official Statement dated August 14, 2018, and represent we are a bidder with an established industry reputation for underwriting new issuances of municipal bonds. In the event of failure to deliver the Bonds in accordance with the "TERMS OF OFFERING" as printed in the Preliminary Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $____________________________

TRUE INTEREST COST: ____________________________% (Based on dated date of September 10, 2018)

Account Manager: ___________________________________ By: ____

Account Members: ____

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Ames, Iowa this 28th day of August, 2018.

Attest: ____ By: ____

Title: ____ Title: ____